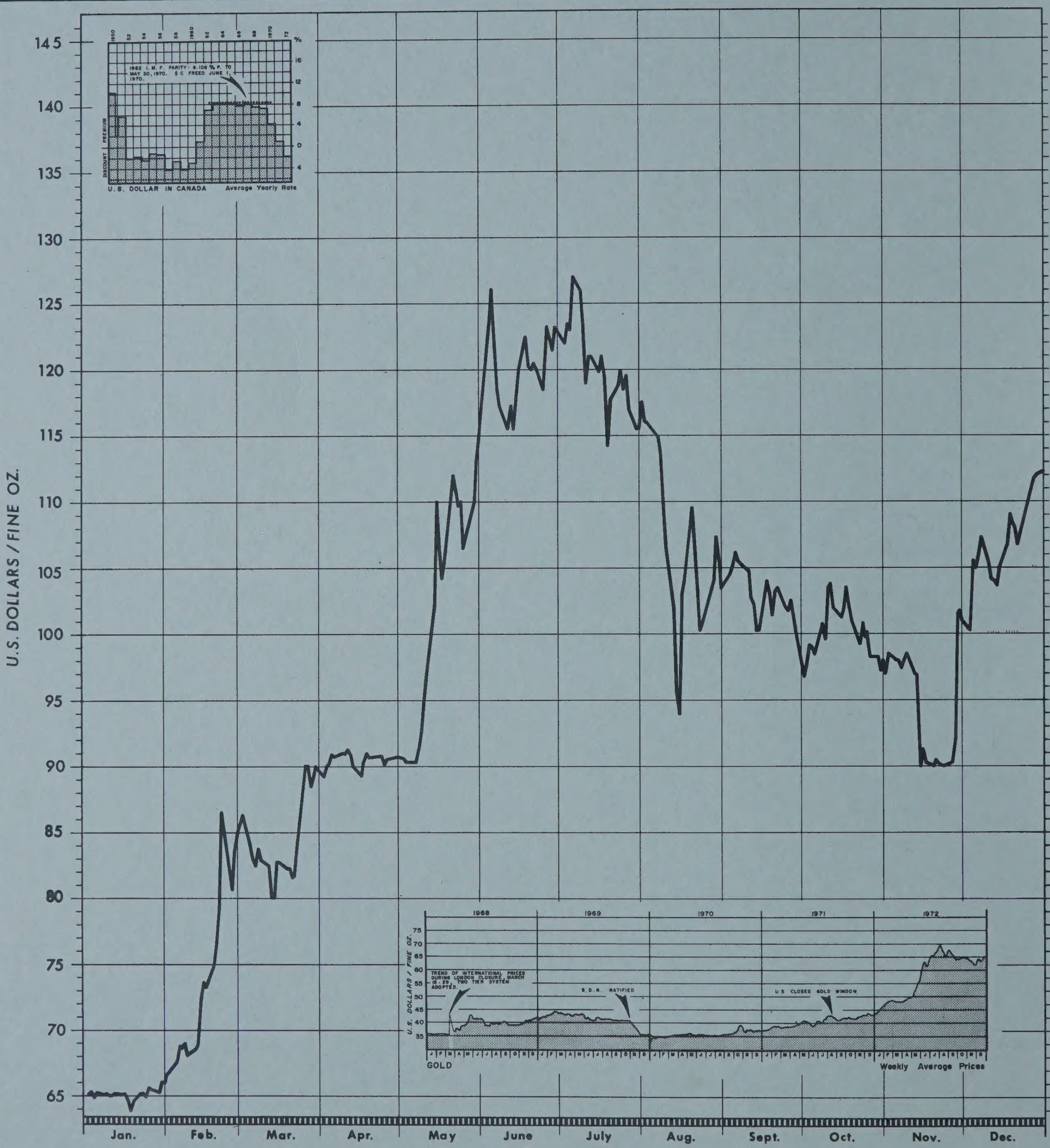
CAMPBELL RED LAKE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1973



1973 DAILY GOLD PRICE

LONDON : 2nd Fixing
(IN U.S. DOLLARS)

CAMPBELL RED LAKE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1973

ANNUAL AND SPECIAL GENERAL MEETING
OF SHAREHOLDERS
will be held
at 2:30 o'clock p.m. (Toronto time)

Monday, April 29, 1974,
Library, Royal York Hotel,
TORONTO, ONTARIO

Campbell Red Lake Mines Limited

(Incorporated under the laws of Ontario)

LOCATION OF MINE

Township of Balmer, Red Lake Mining Division, Province of Ontario
(Post Office: Balmertown, Ont. P0V 1C0)

ADDRESS OF THE CHAIRMAN OF THE BOARD

40 Wall Street, New York, N.Y. 10005

HEAD OFFICE AND ADDRESS OF THE PRESIDENT

365 Bay Street, Suite 600, Toronto, Ont. M5H 2V4

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

REGISTRARS

Canada Permanent Trust Company
320 Bay Street, Toronto, Ont. M5H 2P6
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015

TRANSFER AGENTS

The Sterling Trusts Corporation, 372 Bay Street, Toronto, Ont. M5H 2X2
The Bank of New York, 48 Wall Street, New York, N.Y. 10015

DIRECTORS

Clifford W. Michel	New York, N.Y.
William F. James	Toronto, Ont.
John K. McCausland	Toronto, Ont.
James B. Redpath	Toronto, Ont.
Fraser M. Fell	Toronto, Ont.

OFFICERS

Chairman of the Board	Clifford W. Michel
President	James B. Redpath
Secretary	Fraser M. Fell
Assistant Secretary	John H. Hough
Treasurer	Edmund J. Andrecheck
General Manager	George E. Peacock
General Superintendent	Stewart M. Reid

AUDITORS

Clarkson, Gordon & Co., Toronto, Ont. M5K 1J7

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the information circular will accompany the Notice of Annual and Special General Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	1973	1972
Tonnage Milled	303,796	302,666
Ounces Gold Produced	196,190	196,855
Average Price realized per ounce on sales during the year	$97.24	$56.22
Value of Bullion	$19,870,647	$11,596,271
Operating Costs	$ 5,199,642	$ 4,144,972
Net Income	$ 8,908,451	$ 4,667,344
Net Income per share	$2.23	$1.17
Current Assets	$18,752,583	$12,451,786
Current Liabilities	$ 3,743,883	$ 2,416,658
Working Capital	$15,008,700	$10,035,128
Number of Shareholders — December 31	5,919	5,411
Dividends Declared	$ 2,999,625	$ 2,249,719
Dividends declared per share	$0.75	$0.56¼
Shares Issued	3,999,500	3,999,500

REPORT OF THE DIRECTORS

of

Campbell Red Lake Mines Limited

(For the Financial Year Ended December 31, 1973)

Toronto, Ontario,
February 25, 1974.

To the Shareholders of
Campbell Red Lake Mines Limited:

Your Directors herewith submit the Company's balance sheet and statements of income, earned surplus and changes in financial position, together with the Report of the Auditors thereon and the Report of the General Manager, covering the financial year ended December 31, 1973.

The gross production for 1973 was 196,190 ounces of gold, as compared with 196,855 ounces for 1972.

The operating profit before deducting depreciation, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income was $14,671,005. The non-operating revenue was $909,331. These combined gave a total of $15,580,336. Depreciation charges, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income amounted to $6,671,885 leaving net income of $8,908,451 as compared to $4,667,344 a year ago.

This net income was an historical high for the mine and was due to higher prices on the free market where all production was sold. The average price obtained for gold sales made during the year was $97.24 Canadian compared to $56.22 Canadian received in the previous year.

Regular quarterly dividends were maintained at 12½¢ per share and after considering the profits, your Directors authorized an extra dividend of 5¢ per share for the second and third quarters and 15¢ per share for the final quarter. Therefore the total dividends declared amounted to $2,999,625 or 75¢ per share.

The tonnage milled during 1973 totalled 303,796 tons which represents an average milling rate of 832 tons per day. The yield per ton was 12.92 dwt. as compared with 13.01 dwt. in 1972.

Ore reserves were increased to 1,482,200 tons, with ore in place showing a grade of 13.99 dwt. Development results continued to be satisfactory and are covered in detail in the General Manager's Report.

Taxes under the Federal Income Tax Act of $3,155,000, the Provincial Corporations Tax Act of $970,000 and the Ontario Mining Tax Act of $1,810,000 total $5,935,000.

During the year the $2 million of Subordinated Income Debentures of Dome Petroleum Limited held by your Company were converted into 71,275 common shares of that company at the conversion price of $28.06 per share. Dome Petroleum had a very satisfactory year with audited financial statements showing a cash flow of $27 million and net income estimated at $20.2 million, an increase of 83% over the preceding year, as the large capital investments of the last few years commenced to show substantial returns.

Additional interest in oil exploration is given by your Company's participation in Panarctic Oils Ltd., which continues to expand its gas reserves in the Arctic Archipelago.

Your Company continued to participate with the parent company, Dome Mines Limited and affiliated companies, Sigma Mines (Quebec) Limited and Dome Petroleum Limited in a mineral exploration program conducted by Dome Exploration (Canada) Limited. Your Company's share in this is 21% of all projects initiated from January 1, 1969. Details of the exploration program appear on page fourteen of this report.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"It is obvious that the free market price of gold and the world market price of oil and gas established by the Mideastern producers impact heavily on our Company's present and future earning power. Last year in mid-February the United States Government for the second time within two years officially devalued the U.S. dollar, in terms of gold and the then existing currency parities with its major trading partners. Historically, with devaluation, new fixed parities are re-established but on this occasion the United States did not do so, but permitted its currency to continue to float freely against all others. When the initial direction of this float continued in a downward course from the apparent amount of the official devaluation, it created a crisis of confidence in paper currencies and it appeared to many that gold was once again the ultimate store of value. In this atmosphere the price of gold, which had opened the year at the $65 per ounce level, rose rapidly in June to over $126 per ounce. Concurrently, the Arab world noting that the dollars it was receiving for oil had less buying power, and sensing that the balance of power in the supply of oil had passed to them, took the occasion to triple the price of crude oil. These events, plus the Israeli War, touched off a second stage of the rise in the price of gold and it moved up from a level of $112 per ounce at the end of 1973 to approximately $169 per ounce where it is at this writing. If the Arab policy of escalation of crude oil pricing is not modified, there will be a readjustment of such magnitude in the holdings of the world's monetary reserves in their favor to the detriment of Europe, Japan, and the United States, as to make any forecast about orderly international monetary relationships and hence the price of gold all but impossible. An interesting idea has recently been advanced by a prominent United States Economist — simply stated it is, that the overhang of non-convertible dollars in the hands of European central banks, created by the U.S. Balance of Payments deficits for a decade, might now be eliminated by making the surplus dollars exchangeable for gold or SDRs marked up to the free market price of gold. This intriguing concept will probably have to wait until it is learned just how the Arab nations' rapidly growing monetary reserves are recycled into the world monetary system, and how soon the Western world can develop alternate sources of energy to lessen its dependence on Middle Eastern crude."

At this time your Directors wish to record their appreciation for the effective efforts of management and staff and for the continued loyal service which all employees rendered to the Company.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

CAMPBELL RED L

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BALANCE SHEE

(with comparative fi

ASSETS

Current Assets:	1973	1972
Cash, including bank term deposits	$ 3,588,438	$ 1,977,895
Bullion on hand and in transit, at estimated net realizable value	3,087,848	1,531,775
Short term commercial paper, at cost	9,210,347	6,207,611
Marketable securities, at cost (schedule attached)	1,738,285	1,744,776
Accrued interest and sundry accounts receivable	275,897	204,163
Mining and milling supplies, at cost	838,413	773,432
Prepaid expenses	13,355	12,134
	18,752,583	12,451,786
Investments (schedule attached — note 2):	2,285,288	2,156,441
Capital Assets:		
Buildings, machinery and equipment, at cost	9,210,734	7,921,436
Less accumulated depreciation	6,868,178	6,575,730
	2,342,556	1,345,706
Mining claims and properties — acquired for 1,277,500 shares less amounts written-off	167,875	197,500
Townsite land, at cost less amounts written-off	109,024	113,842
	2,619,455	1,657,048
	$23,657,326	$16,265,275

(See accompanying

AUDIT

To the Shareholders of
Campbell Red Lake Mines Limited:

We have examined the balance sheet of Campbell Red Lake Mines Limited as at December 31, 197 and the related statements of income, earned surplus and changes in financial position for the year then ende Our examination was made in accordance with generally accepted auditing standards, and accordingly include such tests of the accounting records and such other auditing procedures as we considered necessary in th circumstances.

E MINES LIMITED

laws of Ontario)

ECEMBER 31, 1973

)ecember 31, 1972)

LIABILITIES

	1973	1972
Current Liabilities:		
Salaries and wages payable	$ 135,133	$ 107,070
Accounts payable	361,002	324,070
Accrued charges	92,962	64,847
Accrued taxes (note 3)	2,054,924	1,020,783
Dividends payable	1,099,862	899,888
	3,743,883	2,416,658
Deferred Income Taxes (note 3)	298,000	142,000
Capital and Surplus:		
Capital —		
Authorized:		
4,000,000 shares of $1 each		
Issued:		
3,999,500 shares	3,999,500	3,999,500
Discount (net) on shares issued	2,378,905	2,378,905
	1,620,595	1,620,595
Earned surplus	17,994,848	12,086,022
	19,615,443	13,706,617
On behalf of the Board:		
J. B. REDPATH, Director.		
F. M. FELL, Director.		
	$23,657,326	$16,265,275

inancial statements)

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In our opinion these financial statements present fairly the financial position of Campbell Red Lake Aines Limited as at December 31, 1973 and the results of its operations and the changes in its financial position or the year then ended, in conformity with generally accepted accounting principles which, except for the doption of an amortization policy for mining claims, properties and townsite land as referred to in note 1, ave been applied on a basis consistent with that of the preceding year.

'oronto, Canada,
'ebruary 1, 1974.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Campbell Red Lake Mines Limited

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1973
(with comparative figures for 1972)

	1973	1972
Revenue:		
Bullion	$19,870,647	$11,596,271
Expenditures:		
Development (including shaft sinking expenditures; 1973 — $126,399; 1972 — $129,866)	1,083,925	821,898
Mining	1,955,725	1,594,370
Milling	1,360,858	1,082,776
Refining and marketing	119,754	78,832
General and administrative	592,325	510,408
Taxes other than income	87,055	56,688
	5,199,642	4,144,972
	14,671,005	7,451,299
Deduct:		
Provision for depreciation and amortization	392,983	229,185
Provision for Tax under The Mining Tax Act (Ontario)	1,810,000	910,000
	2,202,983	1,139,185
Operating profit	12,468,022	6,312,114
Add:		
Interest on Dome Petroleum Limited income debentures (note 2)	41,884	100,000
Other interest, etc.	790,447	533,205
	13,300,353	6,945,319
Deduct outside exploration expenses	343,902	272,975
Income before income taxes and equity in earnings of affiliate	12,956,451	6,672,344
Provision for income taxes (note 3):		
Current	3,969,000	1,961,000
Deferred	156,000	44,000
	4,125,000	2,005,000
	8,831,451	4,667,344
Equity in earnings of affiliated company (note 2)	77,000	
Net income for the year	$ 8,908,451	$ 4,667,344
Net income per share	$2.23	$1.17

STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1973
(with comparative figures for 1972)

	1973	1972
Balance, beginning of the year	$12,086,022	$ 9,668,397
Add net income for the year	8,908,451	4,667,344
	20,994,473	14,335,741
Deduct dividends declared of 75¢ per share (1972 — 56¼¢ per share)	2,999,625	2,249,719
Balance, end of the year	$17,994,848	$12,086,022

(See accompanying notes to financial statements)

Campbell Red Lake Mines Limited

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1973
(with comparative figures for 1972)

	1973	1972
Source of working capital:		
Operations —		
Net income for the year	$ 8,908,451	$ 4,667,344
Items not affecting working capital —		
Depreciation and amortization	392,983	229,185
Increase in deferred income taxes	156,000	44,000
Equity in undistributed earnings of affiliated company (note 2)	(77,000)	
Total	9,380,434	4,940,529
Disposition of working capital:		
Dividends	2,999,625	2,249,719
Expenditures on capital assets (net)	1,355,390	624,379
Increase (decrease) in other investments	51,847	(33,175)
Total	4,406,862	2,840,923
Net increase in working capital for the year	$ 4,973,572	$ 2,099,606
Changes in components of working capital:		
Increase (decrease) in current assets —		
Cash	$ 1,610,543	$ 620,857
Bullion	1,556,073	809,556
Short term commercial paper	3,002,736	755,703
Marketable securities	(6,491)	600,150
Accrued interest and sundry accounts receivable	71,734	65,676
Mining and milling supplies	64,981	56,892
Prepaid expenses	1,221	11,076
	6,300,797	2,919,910
Increase (decrease) in current liabilities —		
Salaries and wages payable	28,063	3,916
Accounts payable	36,932	48,088
Accrued charges	28,115	(22,903)
Accrued taxes	1,034,141	341,259
Dividends payable	199,974	449,944
	1,327,225	820,304
Net increase in working capital for the year	4,973,572	2,099,606
Working capital, beginning of the year	10,035,128	7,935,522
Working capital, end of the year	$15,008,700	$10,035,128

(See accompanying notes to financial statements)

Campbell Red Lake Mines Limited

SCHEDULE OF MARKETABLE SECURITIES AND INVESTMENTS
DECEMBER 31, 1973
(with comparative figures at December 31, 1972)

	Par value or number of shares	Book value (note 1) 1973	1972
Marketable Securities:			
Government and government guaranteed short-term securities ($746,000 par value in 1972)	$ 739,500	$ 740,910	$ 747,401
Corporate bonds	$1,000,000	997,375	997,375
		$1,738,285	$1,744,776
Quoted market values of above marketable securities: 1973 — $1,692,000; (1972 — $1,760,000)			
Investments:			
Dome Petroleum Limited (affiliated company) — Shares	71,275	$2,077,000	
5% subordinated income debentures, converted to shares in 1973			$2,000,000
Quoted market value of above investment in Dome Petroleum $2,548,000 in 1973; $3,062,000 in 1972 (value of debentures assumed to be market value of the shares that would have been received if the debentures had been converted)			
Other:			
Panarctic Oils Ltd., common shares, no par value (note 1)	142,902	77,192	
Local school and municipal debentures ($15,000 par value in 1972)	$ 7,500	7,453	14,907
Sundry		123,643	141,534
		208,288	156,441
		$2,285,288	$2,156,441

(See accompanying notes to financial statements)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1973

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bullion on hand and in transit

Consistent with industry practice, the company has recorded as bullion revenue the estimated net realizable value of unsold bullion produced prior to the year-end.

Investments

The investment in Dome Petroleum Limited (see note 2) is accounted for using the equity method. Accordingly, the carrying value of this investment reflects the company's share of undistributed earnings since acquisition and the income statement reflects the company's equity in the earnings of Dome Petroleum Limited for the year.

Other investments are carried at cost except for (a) shares acquired as a result of development work which are carried at nominal value (the only exception being with respect to shares of Panarctic Oils Ltd., acquired for development work which, because of underlying worth as indicated by the valuations placed on recent changes in owership have, since January 1, 1973, been carried at the amount expended since that date with deferred income taxes arising as a result of writing these expenditures off for income tax purposes included as a deferred credit) and (b) certain other investments which are carried at cost less amounts written off.

Depreciation and amortization

Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method. Effective January 1, 1973 the company commenced to amortize the amounts still carried on the books for mining claims, properties and townsite land (using the same 15% straight-line rate as is employed to amortize buildings, machinery and equipment). This change had no significant effect on earnings.

Mine development and exploration expenditures

All mine development and exploration expenditures (including shaft sinking) are charged against income as incurred.

2. INVESTMENTS

On June 1, 1973 the company converted its interest-bearing investment in income debentures of Dome Petroleum into 71,275 shares (.64%) of that company. Following such conversion, the company adopted the accounting policy of its parent company (Dome Mines Limited) and commenced to record this investment using the equity method of accounting. The carrying value of the investment in Dome Petroleum exceeded the underlying equity in net assets of Dome Petroleum by $1,245,000 at June 1, 1973. This difference is being amortized to income (commencing June 1, 1973) over a period of years calculated by reference to Dome Petroleum's annual production in relation to estimated recoverable reserves.

3. CURRENT AND DEFERRED INCOME TAXES

Current income taxes have been calculated at the combined federal and provincial income tax rate (1973 — 51%: 1972 — 48.5%) applied to "income before income taxes and equity in earnings of affiliate" after appropriate deductions for (a) depletion allowances provided for under income tax regulations at 40% of mining income (1973 — $4,661,232; 1972 — $2,386,936) (b) exempt income (income bond interest from Dome Petroleum) (1973 — $41,884; 1972 — $100,000) and (c) net timing differences (1973 — $558,293; 1972 — $142,374).

Deferred income taxes have been calculated by applying the combined federal and provincial income tax rate (reduced by the depletion allowance) to the timing differences, principally depreciation claimed for income tax purposes in excess of depreciation recorded in the accounts.

4. REMUNERATION OF DIRECTORS AND OFFICERS

The total remuneration paid in respect of 1973 by the company to its directors and senior officers (defined by The Business Corporations Act, Ontario, 1970 to include the five highest paid employees) amounted to $120,510 (1972 — $109,690).

Campbell Red Lake Mines Limited

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1973 is submitted for your consideration.

During the year 356,458 tons were hoisted, of which 303,796 tons were ore and 52,662 tons were waste.

The 303,796 tons of ore milled yielded bullion containing 196,190 ounces of gold, the average yield being 0.646 ounces or 12.92 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price offered by the Royal Canadian Mint was based on $38.00 per ounce United States Funds until October 18, 1973, when it was increased to $42.2222 per ounce United States Funds. As in past years all production was sold on the free market, settlement being made in equivalent Canadian Funds at prevailing exchange rates. Free market prices are by direct negotiation between buyer and seller. The price received on all sales during the year averaged $97.24 Canadian per ounce.

MINING:

In all, 268,985 tons of a grade of 14.46 dwt. were drawn from the stopes and sent to the mill.

Broken ore totalling 108,000 tons remains in the stopes, an increase of 900 tons from the previous year.

The main stoping operations were above the 15th or 2,200-foot level. Ore removed by cut-and-fill mining increased from 30% to 31% of the total ore mined.

DEVELOPMENT:

Development was distributed from the 2nd to the 26th level. Of this work 58% was drifting and raising in known ore zones.

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1973

Level	Ore Pass	Waste Pass	Drifts	Crosscuts	Raises	Slabbing	Total	Diamond Drilling
2nd	....	....	65	....	178	6	249	487
3rd	....	....	91	....	....	12	103	699
4th	....	....	28	....	532	37	597	586
5th	....	....	853	....	689	154	1,696	152
6th	....	....	165	....	23	17	205	1,755
7th	....	....	381	....	....	96	477	2,238
8th	....	....	194	....	....	10	204	1,735
9th	....	....	435	....	191	92	718	108
10th	....	....	139	45	....	89	273	416
12th	....	....	....	....	....	32	32	995
13th	....	....	....	....	57	....	57	....
14th	....	....	77	....	....	1	78	413
15th	....	....	....	....	188	125	313	2,815
16th	....	....	765	....	....	427	1,192	330
17th	....	....	918	....	....	243	1,161	70
18th	....	....	766	....	....	92	858	606
19th	....	....	843	....	314	80	1,237	1,173
20th	....	....	447	....	179	128	754	1,409
21st	191	....	125	....	459	134	909	2,134
22nd	288	....	....	862	205	229	1,584	....
23rd	220	195	....	915	188	210	1,728	....
24th	227	249	....	944	189	234	1,843	....
25th	237	95	....	622	186	213	1,353	....
26th	10	....	....	....	172	183	365	....
Crusher	....	....	....	....	78	4	82	....
Totals	1,173	539	6,292	3,388	3,828	2,848	18,068	18,121

In addition, 18,733 Cubic Feet of Rockwork was completed in the 27th Crusher Station.

Diamond drilling totalling 18,121 feet was done as a guide to development and mining.

The table above shows details of development and diamond drilling completed during the year.

ORE PRODUCTION:

The mine produced 303,796 tons of ore during the year which averaged 14.16 dwt. The stopes produced 268,985 tons averaging 14.46 dwt. and development work produced 34,811 tons averaging 11.80 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,482,200 tons, an increase of 57,800 tons over last year. The ore reserves include 108,000 tons of broken ore.

A summary of the distribution of ore in place, broken ore and total ore extracted from stopes to the end of 1973 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore in Place	Average Grade (dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1973
Surface to 1st Level	1,600	10.69	....	260,004
1st Level to 2nd Level	5,200	11.16	400	348,026
2nd Level to 3rd Level	12,000	12.39	1,800	381,130
3rd Level to 4th Level	17,700	11.95	8,700	519,689
4th Level to 5th Level	26,500	12.12	7,200	505,073
5th Level to 6th Level	60,400	15.51	4,700	495,490
6th Level to 7th Level	58,800	12.64	12,100	593,480
7th Level to 8th Level	45,000	12.34	13,300	622,244
8th Level to 9th Level	35,300	14.36	11,100	447,381
9th Level to 10th Level	86,500	17.85	17,700	325,754
10th Level to 11th Level	120,200	14.77	5,300	114,158
11th Level to 12th Level	139,700	15.09	7,900	112,793
12th Level to 13th Level	175,300	14.42	5,300	94,269
13th Level to 14th Level	178,300	14.52	5,000	135,813
14th Level to 15th Level	170,300	14.46	7,200	77,498
15th Level to 16th Level	108,000	11.92	....	5,355
16th Level to 17th Level	39,300	12.62	....	....
17th Level to 18th Level	47,400	9.54	300	5,770
18th Level to 19th Level	46,700	10.26	....	....
	1,374,200	13.99	108,000	5,043,927

Ore in Place	1,374,200
Broken Ore	108,000
	1,482,200

Increase over 1972 is 57,800 Tons.

MILL:

The following are the results of milling operations:

Tons of ore treated	303,796 tons
Average tons per calendar day	832 tons
Average grade of ore treated	14.16 dwt. per ton
Recovery	12.92 dwt. per ton
Recovery percentage	91.23%

COSTS:

The expenditure on mining was $1,955,725 or $6.44 per ton milled.

The expenditure on development (excluding shaft sinking) was $957,526 or $3.15 per ton milled.

Operating costs (including bullion handling charges and shaft sinking) were $17.11 per ton milled.

CAPITAL EXPENDITURES:

Net capital expenditures for the year were $1,355,390. This amount includes a new 7′ x 10′ double deck screen in the crusher house, additions to mill including an electrostatic precipitator and bag filter and a carbon circuit, underground drills and rolling stock, two new trucks for surface, and additions to living facilities for employees.

The details of changes in plant buildings, equipment and townsite land are as follows:

Additions:	
Mine equipment	$ 56,740
Mill buildings and equipment	948,139
Surface buildings and equipment	345,317
	$1,350,196
Plus townsite land purchases	14,422
	$1,364,618
Less net book values of retirements	9,228
Total Increase	$1,355,390

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 30% interest in those projects which originated before January 1st, 1969 and a 21% interest in the substantially increased exploration campaign which started on January 1st, 1969.

Quebec:

A participation in eleven major projects involving 363 line-miles of geophysical surveys and 49 drill holes.

A participation in three exploration programs based on airborne geophysical surveys released by the Quebec Department of Natural Resources. One of these programs, now completed, involved 16 drill holes. Exploration on the other two projects will continue in 1974.

A participation in an underground program to prepare the "O" zone at Clinton Copper Mines Ltd. for mining.

Ontario:

A participation in drilling programs, involving 48 drill holes on five airborne geophysical projects. Further drilling on two of these will be carried out in 1974.

A participation in exploration of two large claim groups in a heavily drift-covered rhyolite belt. This will lead to an intensive exploration program in 1974.

A participation in the exploration of three optioned gold prospects. A seven-hole drilling program was completed on one of these and drilling will be carried out on the other two during 1974.

A participation in a prospecting program which resulted in the discovery of a zone of copper mineralization which will be explored in detail in 1974.

A participation in two joint ventures in Ontario, with outside partners. One of these involved regional geochemical sampling. The other consisted of a deep overburden geochemical sampling program.

Manitoba:

A participation in the acquisition and exploration of 342 claims on a gold prospect in Manitoba.

Western Canada:

A participation with outside partners in nine joint ventures in British Columbia, three of which are major continuing programs which will involve drilling programs in 1974. As well, three of the smaller joint ventures will continue in 1974.

Alaska:

A participation with outside partners in a continuing regional exploration program in Alaska. Various specific projects will be explored in more detail in 1974.

General:

A participation in an international consortium to investigate methods of mining metal-bearing nodules from the deep-ocean floor.

A participation in prospecting ventures in various parts of Canada.

GENERAL:

The daily milling rate was maintained at 832 tons per day.

Unit operating costs show a sharp increase. This is due in part to wage increases effective April 1, 1973 and July 1, 1973. Extra expenditures were also incurred in the mill while installing the roaster effluent control, and underground while preparing our six new levels for development.

The work of installing an electrostatic precipitator and bag filter to treat the roaster effluent, and a carbon circuit to treat the precipitator dust to reclaim gold is almost complete. A contractor has completed the work of driving an ore pass, waste pass and ventilation raise to service the six new bottom levels.

Ore reserves show a modest increase for the year.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries paid and distribution of taxes.

In conclusion, my sincere thanks and appreciation are extended to Mr. Stewart Reid, General Superintendent, to the heads of the various departments and to all members of the operating staff for their efficiency and loyalty.

Yours faithfully,

GEO. E. PEACOCK,
General Manager.

Balmertown, Ontario,
February 22, 1974.

FIVE YEAR REVIEW

Production:	1973	1972	1971	1970	1969
Tons milled (in thousands)	304	303	303	262	262
Fine ounces (in thousands)	196	197	196	179	177
Recovery value per ton	$ 65.41	$ 38.31	$ 27.21	$ 25.87	$ 29.58
Number of employees at year end	306	292	295	275	275
Financial (in thousands; except per share):					
Bullion revenue	$ 19,871	$ 11,596	$ 8,245	$ 6,779	$ 7,739
Operating expenses	7,403	5,284	4,602	4,227	3,781
Operating profit	12,468	6,312	3,643	2,552	3,958
Interest income from affiliate	42	100	100	100	100
Other income	790	533	427	532	439
	13,300	6,945	4,170	3,184	4,497
Deduct outside exploration expenses	344	273	205	212	172
	12,956	6,672	3,965	2,972	4,325
Provision for income taxes	4,125	2,005	1,248	1,030	1,425
	8,831	4,667	2,717	1,942	2,900
Equity in earnings of affiliate	77				
Net income	$ 8,908	$ 4,667	$ 2,717	$ 1,942	$ 2,900
Dividends declared	$ 3,000	$ 2,250	$ 1,800	$ 1,800	$ 2,000
Net income per share	$ 2.23	$ 1.17	$ 0.68	$ 0.48	$ 0.73
Dividends per share	$ 0.75	$ 0.56	$ 0.45	$ 0.45	$ 0.50
Working capital at year end	$ 15,009	$ 10,035	$ 7,936	$ 7,296	$ 7,159
Total shareholders' equity at year end	$ 19,615	$ 13,707	$ 11,289	$ 10,372	$ 10,229
Total assets at year end	$ 23,657	$ 16,265	$ 12,983	$ 11,788	$ 11,928
Number of shareholders at year end	5,919	5,411	5,669	5,685	5,368

Campbell Red Lake Mines Limited

Total supplies and services	$5,087,650
Total amount of wages and salaries	2,604,618
Income taxes	4,125,000
Other taxes (Provincial and Municipal)	1,897,055

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Atikokan	Ear Falls	Oakville	St. Thomas
Balmertown	Edmonton	Orillia	Sudbury
Belleville	Galt	Ottawa	Thornbury
Bramalea	Gananoque	Owen Sound	Thornhill
Brampton	Granby	Pointe Claire	Thunder Bay
Burlington	Hamilton	Redditt	Toronto
Burnaby	Kenora	Red Lake	Trenton
Calgary	Kitchener	Rexdale	Val d'Or
Cambridge	Lachine	Richmond Hill	Vancouver
Chatham	LaSalle	Rouyn	Vermilion Bay
Cowansville	London	Sault Ste. Marie	Waterloo
Don Mills	Mississauga	Scarborough	Weston
Dorval	Montreal	Schomberg	Willowdale
Downsview	North Bay	Selkirk	Windsor
Dryden	North Vancouver	St. Catharines	Winnipeg

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Indivdiuals
British Columbia	2	3
Manitoba	2	86
Ontario	44	171
Quebec	9	31
Alberta	3	3
United States of America	5	6
	65	300

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